

## Message Text

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ACTION AID-59

INFO OCT-01 ADP-00 IGA-02 EB-05 AF-05 IO-9 INR-09 CIAE-00

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R 021625 Z APR 73

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 2747

INFO AMEMBASSY ABIDJAN

C O N F I D E N T I A L KINSHASA 2657

AIDAC

PASS REDSO

E. O. 11652: AGDS

SUBJECT: FUTURE IBRD INVOLVEMENT IN ZAIRE

1. OVER PAST WEEK USAID HAS BEEN VISITED BY THREE IBRD/ WASHINGTON OFFICIALS SOMNEZ, MAUBOUCHE AND RAPHAELI AS WELL AS TWO U. S. PROFESSORS CURRENTLY SERVING AS CONSULTANTS TO THE BANK NAMELY EDISON OF HARVARD AND SHEAHAN OF WILLIAMS. AS A RESULT OF THESE VISITS AND OUR EARLIER DISCUSSIONS WITH REED, SMITH, AND NAVACERRADO, WE HAVE A CLEARER UNDERSTANDING OF PROBABLE DEGREE OF IBRD INVOLVEMENT IN ZAIRE OVER NEXT FOUR YEAR PERIOD.

2. MOBUTU AND MCNAMARA DISCUSSIONS HELD IN KINSHASA LAST NOVEMBER HAVE APPARENTLY RESULTED IN ZAIRE RECEIVING MUCH HIGHER PRIORITY STATUS WITHIN IBRD. DEVELOPMENT CREDITS IN RANGE OF \$350 MILLION OVER FOUR YEAR PERIOD NOW BEING DISCUSSED WITHIN BANK. ZAIRE'S PRIORITY STATUS WILL BE SIMILAR THAT ACCORDED PAKISTAN, BANGLADESH, INDONESIA.

3. HOWEVER, AS A RESULT OF BANK EXPERIENCE IN ZAIRE TO DATE AS WELL AS BILATERAL TRACK- RECORDS HERE, IBRD OFFICIALS ARE AWARE OF IMPOSING OBSTACLES FACING THEM IN ATTEMPTING EFFECT THIS SIGNIFICANT TRANSFER OF RESOURCES  
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OVER RELATIVELY SHORT PERIOD. THEY INTEND TAKE SEVERAL STEPS TO REDUCE ELEMENT- OF- RISK AMONG WHICH ARE ( A ) ESTABLISHING AN IBRD/ SPONSORED GOZ CENTRAL PLANNING OFFICE IN KINSHASA, ( B ) INCREASING RESIDENT REPRESENTATIVE' S STAFF HERE, AND ( C ) INSURING IBRD HAS READY ACCESS TO MOBUTU ON A REGULAR BASIS.

4. WITH RESPECT TO A GOZ CENTRAL PLANNING OFFICE, VISITING BANK OFFICIALS HAVE HELD FOUR LENGTHY SESSIONS WITH BISENGIMANA AND APPARENTLY HAVE RECEIVED HIS ENDORSEMENT OF \$1.4 MILLION PROJECT TO RUN OVER THREE YEAR PERIOD WITH PROVISIO FOR TWO- YEAR EXTENSION SHOULD BOTH PARTIES FIND IT DESIRABLE. FIVE PLANNING EXPERTS WILL BE FURNISHED TO WORK WITHIN OFFICE OF PRESIDENCY ON A CROSS- SECTORAL BASIS. AMPLE PROVISION HAS BEEN MADE FOR SHORT- TERM CONSULTANTS AND PROJECT PLAN ALSO CALLS FOR OVERSEAS TRAINING OF TWENTY ZAIRIANS IN PLANNING- SKILL AREAS. IBRD WILL MAINTAIN BASIC RESPONSIBILITY FOR PROJECT TEAM BUT WILL PROBABLY CONTRACT WITH HARVARD DAS FOR EXPERT ADVISORS. IBRD WOULD PREFER USE UNDP FUNDS TO FINANCE SCHEME BUT HAS BEEN UNABLE GET ASSURANCE FROM UN GROUP. SECOND FINANCING POSSIBILITY IS IDA CREDIT BUT GOZ HAS INTIMATED TO IBRD ITS PREFERENCE FOR GRANT FINANCING SINCE QUOTE GOZ HAS BEEN BESEIGED UNQUOTE BY BILATERALS WITH OFFERS OF GRANT MONEY FOR PLANNING ACTIVITIES. IBRD NOW CONSIDERING MULTI-DONOR FINANCING AND WILL DISCUSS WITH GOZ. ACTING USAID DIRECTOR HAS MADE CLEAR TO IBRD TEAM LEADER OUR WILLINGNESS TO CONSIDER SOME AID PARTICIPATION IN WHATEVER FINANCING SCHEME FINALLY SANTIONED BY IBRD/ GOZ.

5. CONCERNING PLANNED INCREASE OF LOCAL RES REP STAFF, BANK THINKING IN TERMS OF SEVEN MAN RESIDENT STAFF IN KINSHASA BY SEPTEMBER 1973 IN CONTRAST TO LONE REP HERE ONE YEAR AGO. INCREASE NOT BEING VIEWED SIMPLY AS TECHNICIAN AUGMENTATION. BANK INTENDS EXPERIMENT WITH NEW KINSHASA GROUP BY DELEGATING TO IT MUCH OF THE DECISION- MAKING RESPONSIBILITY NOW RETAINED BY IBRD/ WASHINGTON. IF PILOT APPROACH HERE PROVES WORKABLE IN TERMS OF SPEEDING- UP RESOURCE TRANSFER, MCNAMARA REPORTEDLY PREPARED TO EFFECT SIMILAR DECENTRALIZATION IN OTHER IBRD PRIORITY COUNTRIES.

6. FINALLY, IN VIEW HIGH DEGREE OF CENTRALIZATION IN  
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GOVERNMENT SET- UP HERE, BANK FEELS IT IMPERATIVE THAT RESREP WHO REPLACES D' ASCARATE IN JUNE HAVE READY ACCESS TO MOBUTU. ACCORDINGLY, IBRD ADVISOR GUETTA WHO IS CURRENTLY SERVING AS GENERAL MANAGER OF SOFIDE HAS BEEN NOMINATED TO GOZ AS NEW RES. REP. EVIDENTLY, MOBUTU MADE IT ABUNDANTLY CLEAR TO MCNAMARA IN NOVEMBER THE HIGH DEGREE CONFIDENCE HE HAS IN GUETTA BECAUSE OF THE LATTER' S EXCELLENT PERFORMANCE WITH SOFIDE.

7. ABOVE INFORMATION HAS BEEN PIECED TOGETHER FOR AID USE FROM DISCUSSIONS WITH SEVERAL IBRD OFFICIALS. SUGGEST NO ITEMS BE ATTRIBUTED TO BANK OFFICIALS NOW VISITING ZAIRE.

8. COMMENT: THE BANK' S APPARENT NEW VIGOROUS APPROACH IS MOST WELCOME HERE. GOZ LACK OF CENTRAL PLANNING CAPABILITY HAS TOPPED LIST OF DONOR LAMENTS IN RECENT YEARS. VAN HOECK' S ATTEMPT TO GET SOMETHING GOING IN THIS AREA SPUTTERED OVER PAST EIGHT MONTHS NEVER REALLY GAINING CLEAR ENDORSEMENT OF PRESIDENCY. INCREASE IN IBRD/ KINSHASA STAFF WITH CONCOMMITANT DELEGATION OF RESPONSIBILITY WILL UNDOUBTEDLY SPEED- UP IMPLEMENTATION OF MULTI- DONOR PROJECTS IN AREAS SUCH AS TRANSPORTATION AND, HOPEFULLY, STIMULATE SIMILAR APPROACHES IN AGRICULTURE. OR COURSE, MOST IMPORTANT ASPECT OF BANK' S NEW EMPHASIS HERE IS IBRD WILLINGNESS TO SHOULDER SIGNIFICANT RESPONSIBILITY IN ASSISTING GOZ COME - TO- GRIPS WITH IMPRESSIVE POTENTIAL THIS COUNTRY. DECLASSIFY 3/2/77.  
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\*\*\* Current Handling Restrictions \*\*\* n/a

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